INTERCO

APPAREL
GENERAL RETAIL
FOOTWEAR

ANNUAL REPORT / 1975

INTERCO is a manufacturer and retailer of popular-priced consumer products and services. The business of the company is represented by the following three operating groups:

APPAREL MANUFACTURING GROUP

Designs, manufactures and distributes a full range of popular-priced branded and private-label sportswear and casual apparel for men and women; western wear and shirts for the entire family; and matched sets for work and leisure wear. Sportswear and casual apparel are produced in 44 apparel manufacturing plants and shipped to our customers from 8 major distribution centers.

The principal products for men include: sport, knit, and dress shirts, woven and knit slacks, sweaters, sport coats, leisure suits, jeans, outerwear, rainwear, swimwear, walk shorts, coordinates, and western wear. For women: suits, dresses and coats, pants, skirts, jackets, sweaters, blouses, shirts, jumpers, vests, and jeans.

GENERAL RETAIL MERCHANDISING GROUP

Operates 647 retail stores in most regions of the country which offer to the entire family a wide assortment of popular-priced products and services for the growing middle-income population.

General retailing operations include junior department stores—principally self-service, discount stores, men's specialty apparel shops, and supermarket type hardware, lumber and building materials stores. Stores are supplied from 8 modern regional distribution centers.

FOOTWEAR MANUFACTURING AND RETAILING GROUP

Styles, manufactures and wholesales men's, women's and children's footwear in most major price categories in the United States and Canada, and manufactures and wholesales men's footwear in Australia. Facilities include 37 shoe manufacturing plants and 8 major distribution centers.

The company also operates 907 retail shoe stores and leased shoe departments in the United States, Australia, Canada and Mexico.

INTERCO
64th Annual Report

Contents

ANNUAL MEETING OF STOCKHOLDERS
will be held at 10 a.m. on June 16, 1975

Clayton Inn Center
7777 Bonhomme
Clayton, Missouri

Notice of the meeting and proxy statement will be sent to stockholders in a separate mailing.

Highlights

FISCAL YEARS ENDED FEBRUARY 28,	1975	1974	CHANGE
From operations:			
Net sales	**$1,217,895**	$1,165,858	+ 4.5%
Earnings before income taxes	**105,317**	94,830	+11.1%
Net earnings	**53,603**	49,260	+ 8.8%
Percent of net sales	**4.4%**	4.2%	
Per share of common stock:			
Fully diluted earnings	**$4.47**	$4.14	+ 8.0%
Dividends	**$1.43½**	$1.32	+ 8.7%
Financial condition at year end:			
Working capital	**$ 350,258**	$ 322,067	+ 8.8%
Current ratio	**4.6 to 1**	3.7 to 1	
Total assets	**573,748**	562,477	+ 2.0%
Stockholders' equity	**405,556**	368,832	+10.0%
Return on stockholders' average investment	**13.7%**	13.9%	
Shares outstanding at year end:			
Common stock	**11,448,315**	11,382,208	
Preferred stock	**162,056**	169,693	
Number of stockholders	**16,400**	16,300	
Number of employees	**39,400**	43,800	

(Dollars in thousands except per share data)

To Our Stockholders:

As we predicted in our report to you one year ago, fiscal 1975 turned out to be a very demanding and challenging year to the management of our business; however, we were able to continue the progress of INTERCO with sales and earnings reaching record levels for the eleventh consecutive year.

Recognizing early in the year the probability of uncertain economic conditions, the Office of the Chief Executive implemented very tight budgetary controls in all areas of our operations, including cash management, collection of accounts receivable and maximum inventory turnover. These actions received major emphasis by the members of the Operating Board at every monthly meeting.

During the latter part of our fiscal year, there was a curtailment of production at many of our manufacturing facilities. This was caused by a reduction in order receipts as a direct result of excessive inventory conditions experienced by major retailers around the country, and these conditions continued into the new fiscal year. We will continue to take a hard look at costs in all of our operations and to make necessary adjustments in manpower and facility levels as required.

The growth of INTERCO during the past eleven years has been the result of professional management in our operating divisions, sound employment of our assets, aggressive cost control programs, and realistic profit improvement objectives in all phases of our business. This philosophy continues to be a top priority objective of your management.

In fiscal year 1975, each of our three operating groups . . . Apparel Manufacturing . . . General Retail Merchandising . . . and Footwear Manufacturing and Retailing . . . contributed record high sales and earnings.

Our diversification program continued during the year with the acquisition of College-Town, Inc., on August 23, 1974, and Sidney Gould Co. Ltd., on March 3, 1975. Both of these companies offer future growth opportunities in the women's sportswear and apparel portion of our business. This successful program of diversification and expansion through profitable acquisitions will continue to be an important part of our planned growth.

Our products and services are primarily basic necessities for the expanding middle-income range of our population. We will continue to provide quality products to our customers at the lowest possible price.

The quarterly dividend rate on common stock was increased to 36½ cents per share, effective with the July 5, 1974, payment. This is equivalent to an annual rate of $1.46 per share. The common stock dividend rate has been increased each year since 1965 and the April 5, 1975, payment was the 256th quarterly common stock dividend of our company without interruption.

It would not be prudent to predict our sales and earnings for fiscal 1976. The major problems of inflation and recession in our economy will most certainly affect our results even though we are taking all possible action to maximize our opportunities and minimize our risks. In planning and budgeting for fiscal 1976, it is very clear that maintaining the unbroken record of quarterly earnings increases we have established over the past eleven years will present a most difficult challenge.

As we look ahead to the future, however, we are confident that INTERCO will maintain its long-term growth record. Our financial position is excellent. We have the discipline for consistent cost controls and productivity improvements necessary to produce competitive products and services for our customers.

The management is appreciative of the support of those who invest their money in the company and is grateful to the men and women in our working force for their continued loyalty.

Respectfully submitted,

M. R. Chambers

Chairman of the Board
and Chief Executive Officer

April 11, 1975

Fiscal 1975 in Review

In fiscal 1975, and for the eleventh consecutive year, INTERCO achieved record sales and earnings, and at February 28, 1975, was in the strongest financial position in its history. Net sales were $1.22 billion; net earnings were $53.6 million; and fully diluted earnings per share were $4.47.

The comparative financial statements and references to fiscal 1974, shown in this report, have been restated to include the acquisition of College-Town, Inc., on a pooling of interests basis.

The operating groups' sales and earnings before income taxes, corporate expenses and interest cost are shown for a five-year period on page five.

SALES

Net sales for the year were $1.22 billion, an increase of $52.0 million or 4.5% over the restated volume of $1.17 billion for fiscal 1974. Net sales of $1.12 billion were reported in fiscal 1974.

The record high sales contribution by the operating groups of the company is compared in millions of dollars:

	Fiscal 1975		Fiscal 1974		%
	Sales	%	Sales	%	Increase
Apparel	$ 354.1	29.1	$ 325.1	27.9	8.9
General Retail	385.4	31.6	363.2	31.1	6.1
Footwear	478.4	39.3	477.6	41.0	.2
	$1,217.9	100.0	$1,165.9	100.0	4.5

Sales of the Footwear Group, after nine months of fiscal 1975, were 3.8% higher than fiscal 1974; however, during the fourth quarter, sales dropped below the record level of the comparable period of fiscal 1974. As a result, footwear sales for the 1975 year were only slightly ahead of one year ago.

The net sales of the company, by quarters, in millions of dollars were:

	Fiscal 1975	Fiscal 1974
First quarter	$ 303.3	$ 279.7
Second quarter	317.2	298.3
Third quarter	312.1	298.1
Fourth quarter	285.3	289.8
	$1,217.9	$1,165.9

EARNINGS

Earnings before income taxes for fiscal 1975 were a record $105.3 million, reflecting an increase of $10.5 million or 11.1% higher than the restated fiscal 1974 pre-tax earnings of $94.8 million. Pre-tax earnings reported in fiscal 1974 were $90.1 million.

Pre-tax earnings of each operating group, before corporate expenses and interest cost, are compared in millions of dollars:

	Fiscal 1975		Fiscal 1974		%
	Amount	%	Amount	%	Increase
Apparel	$ 39.7	34.1	$ 35.5	33.8	11.7
General Retail	25.3	21.7	23.8	22.7	6.2
Footwear	51.3	44.2	45.7	43.5	12.4
	116.3	100.0	105.0	100.0	10.8
Corporate expenses and interest cost	11.0		10.2		
Earnings before income taxes	$105.3		$ 94.8		

Each of INTERCO's operating groups had satisfactory profit performance in fiscal 1975 due to higher sales volume and strict cost reduction and profit improvement programs.

Net earnings for the year were a record $53.6 million, an increase of 8.8% over the restated net earnings of $49.3 million in the previous year. The reported net earnings of fiscal 1974 were $47.0 million. This improvement in net earnings was made possible by the increase in our margin of profitability—net earnings to net sales—to 4.4% for the current year compared with 4.2% in the previous year.

The percent increase in net earnings of 8.8% in fiscal 1975 was somewhat lower than the percent increase in pre-tax earnings of 11.1%. This was the result of a higher effective income tax rate of 49.1%. This increase was due principally to a lower investment tax credit in fiscal 1975 of $643,000 and the phasing out of the surtax exemption.

Fully diluted earnings per common share were $4.47 for fiscal 1975, an increase of $0.33 per share or 8.0% over restated $4.14 per share earnings in fiscal 1974.

Fully diluted earnings per share reported for fiscal 1974 were $4.11.

Net earnings and fully diluted earnings per common share for each quarter are compared in the following:

	Net Earnings (In millions)		Net Earnings per Share	
	Fiscal 1975	Fiscal 1974	Fiscal 1975	Fiscal 1974
First quarter	$11.6	$10.5	$0.97	$0.88
Second quarter	13.0	11.5	1.09	0.96
Third quarter	15.3	14.3	1.27	1.20
Fourth quarter	13.7	13.0	1.14	1.10
	$53.6	$49.3	$4.47	$4.14

FINANCIAL POSITION

INTERCO significantly improved its already strong financial position during the fiscal year ended February 28, 1975.

- Working capital, which is the excess of current assets over current liabilities, reached a new high of $350.3 million at the end of fiscal 1975—a gain of $28.2 million over the prior year.

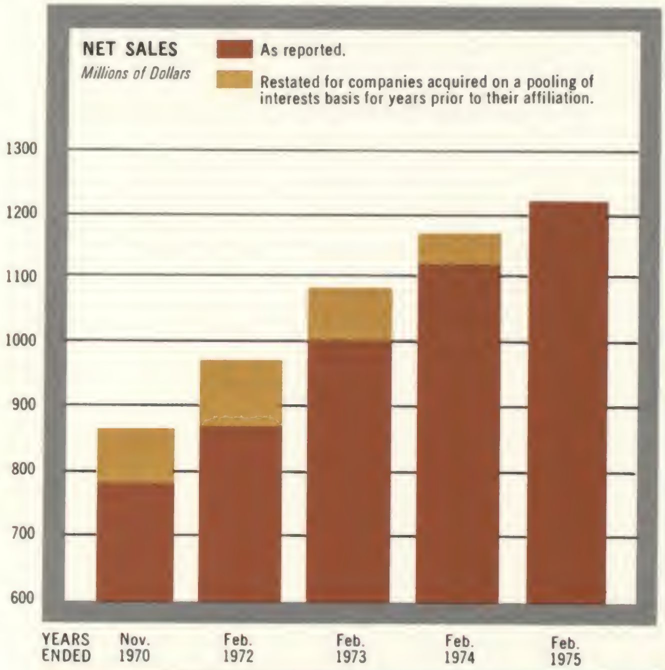
- This increase in working capital resulted in a ratio of current assets to current liabilities of 4.6 to 1, compared with 3.7 to 1 at February 28, 1974.

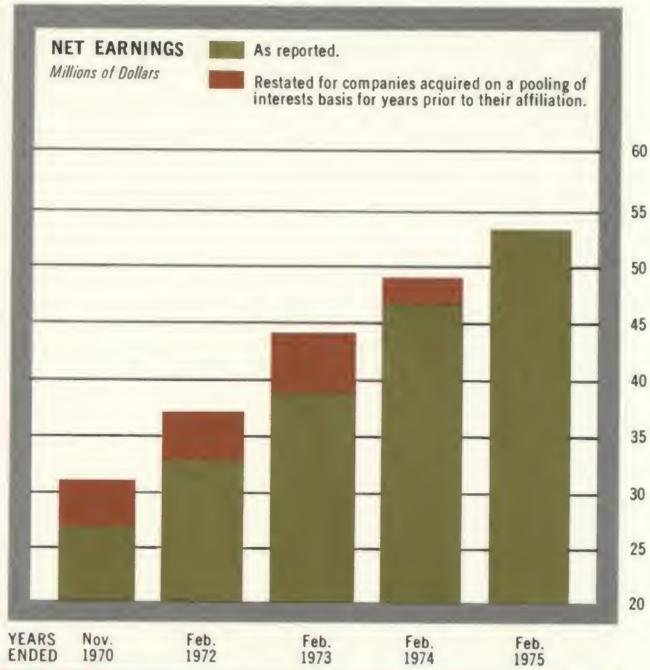
FIVE YEAR COMPARISON BY OPERATING GROUPS

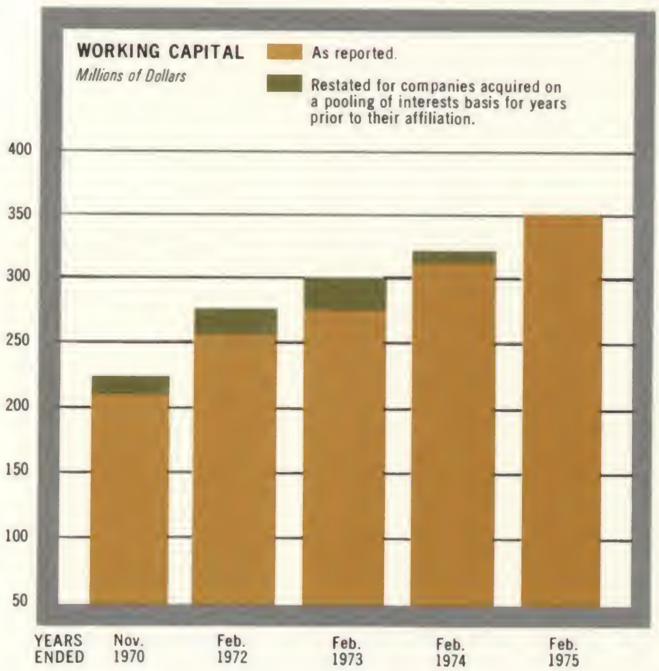
(Dollars in thousands)	FISCAL YEARS ENDED February 28				November 30
	1975	1974	1973	1972	1970
Net sales:					
Apparel	**354,142**	325,079	297,785	253,769	228,008
General retail	**385,389**	363,176	342,630	312,141	255,236
Footwear	**478,364**	477,603	442,571	399,971	379,914
Total	**$ 1,217,895**	$ 1,165,858	$ 1,082,986	$ 965,881	$ 863,158
Earnings before income taxes:					
Apparel	**39,674**	35,507	31,916	23,979	19,797
General retail	**25,281**	23,798	18,181	17,983	16,870
Footwear	**51,370**	45,697	43,642	37,219	34,589
	116,325	105,002	93,739	79,181	71,256
Less corporate expenses and interest cost	**11,008**	10,172	7,774	8,083	8,587
Total	**$ 105,317**	$ 94,830	$ 85,965	$ 71,098	$ 62,669
As a percent of sales	**8.6%**	8.1%	7.9%	7.4%	7.3%

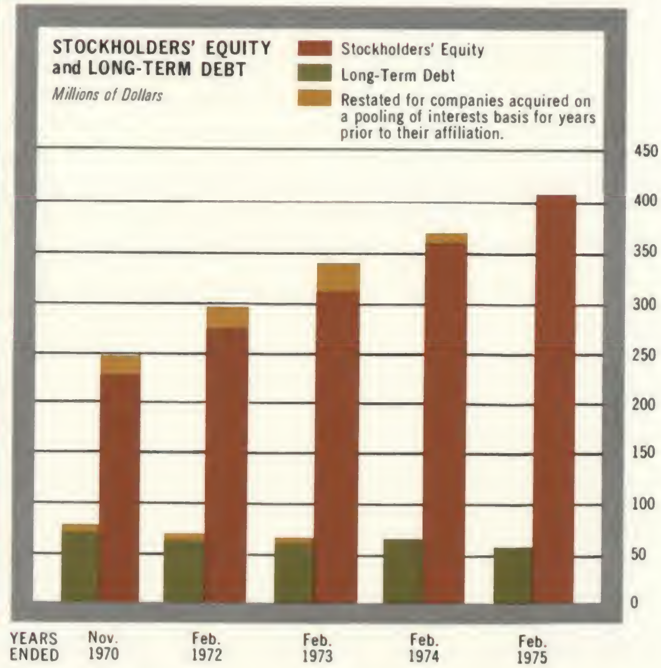
Fiscal 1975 in Review

Graphic Summary









- Cash and marketable securities reached $39.4 million at year-end, with no outstanding short-term borrowings.
- Accounts receivable of $155.4 million were below a year ago due to a slight reduction in sales during the fourth quarter of fiscal 1975, and constant attention to the collection of receivables.
- Inventories were $246.1 million at year-end, $4.0 million lower than the previous year. Inventories in each operating group of the company are well under control, and in line with current expectations.
- Long-term debt, less current maturities, declined to $57.9 million at year-end, equal to 12.5% of the invested capital of the company.
- Stockholders' equity reached $405.6 million at February 28, 1975, an increase of $36.7 million or 10.0% over the prior year.
- The book value of common stock at year-end was $34.03 per common share.
- The return on average stockholders' equity was 13.7% for fiscal 1975.

CAPITAL EXPENDITURES

The company continued its program of expansion and modernization in fiscal 1975 with capital expenditures of $19.7 million, the second highest amount in its history. These expenditures were for new retail stores, modernization and expansion of some existing manufacturing and distributing facilities, as well as the refurbishment of a number of existing retail locations.

For fiscal 1976, INTERCO is budgeting $11.0 million in capital expenditures, largely for machinery and equipment and new retail locations. Depreciation is estimated to be $13.8 million in the coming year.

DIVIDENDS

Cash dividends of $17.0 million were paid during fiscal 1975—$16.2 million to common stockholders and the remainder to holders of preferred shares. The per share dividend on common stock is presently at an annual rate of $1.46. INTERCO has had ten consecutive years of dividend increases and the 256th uninterrupted common stock dividend of the company was paid on April 5, 1975.

Quarterly common stock cash dividends per share were paid as follows:

	Fiscal 1975	Fiscal 1974
First quarter	$0.34	$0.32
Second quarter	0.36½	0.32
Third quarter	0.36½	0.34
Fourth quarter	0.36½	0.34

COMMON STOCK

There were 11,448,315 shares of common stock outstanding on February 28, 1975.

The market price range per share of the company's common stock, as quoted on the New York Stock Exchange, is shown in the following:

	Fiscal 1975	Fiscal 1974
First quarter	$31¾—$24⅝	$51⅞—$37⅛
Second quarter	27½— 20¼	42½— 33⅜
Third quarter	23¼— 17	40⅜— 25⅞
Fourth quarter	26¼— 17	30 — 22½

The closing market price, on February 28, 1975, was $26.00 per common share.

ACQUISITIONS

- College-Town, Inc. was acquired on August 23, 1974, in an exchange of 462,428 shares of INTERCO common stock for the outstanding capital stock of this major women's apparel manufacturer.
- Sidney Gould Co. Ltd. was acquired for cash on March 3, 1975—after the close of fiscal 1975. Accordingly, results of Sidney Gould operations are not included herein.

ORGANIZATIONAL CHANGES

- On June 17, 1974, Samuel S. Kaufman retired as a Director and Vice President of INTERCO.

  Also on this date, the following were elected officers of INTERCO:

  Keith E. Mattern . . . . Assistant Secretary
  James K. Pendleton . . . . Assistant Secretary
  William R. Withrow . . . . Assistant Treasurer

Fiscal 1975 in Review

- On July 8, 1974, Webster L. Cowden retired as a Director, Vice President and member of the Operating Board of INTERCO. William B. Cowden, President of Cowden Manufacturing Company, was elected to the Operating Board of the company on this date.
- On August 26, 1974, Gerald Sibley, President of College-Town, Inc., became a member of the Operating Board of INTERCO.
- Norfleet H. Rand, Vice Chairman of the Board and Treasurer, chose to retire on September 1, 1974, after thirty-nine years of service with the company. Mr. Rand continues as a Director of the company.
- On September 1, 1974, William L. Edwards, Jr., Senior Executive Vice President and Chief Administrative Officer of INTERCO, was elected Treasurer of the company.

TRADEMARKS

The trademarks of INTERCO INCORPORATED and its subsidiaries, when used in the Annual Report, are italicized.

FORM 10-K—ANNUAL REPORT

INTERCO will furnish to any shareholder, without charge, a copy of its current annual report on Form 10-K, as filed with the Securities and Exchange Commission. A copy of this report may be obtained by written request to the Manager of Financial Services Department, INTERCO INCORPORATED, Ten Broadway, St. Louis, Missouri 63102.

In Memoriam

David R. Calhoun, Jr., served as a member of the Board of Directors of INTERCO from February, 1959, until his death in May, 1974. In addition to his many years of valuable contributions to the company, Mr. Calhoun was a vital part of the civic and business community of St. Louis. Mr. Calhoun was Chairman of the Board of St. Louis Union Trust Company and a Director of many corporations throughout the country.

THE BUSINESS OF INTERCO

it's pure Gould® JOINS INTERCO

Sidney Gould Co. Ltd. and affiliated companies joined INTERCO on March 3, 1975.

This company, founded forty years ago, is a leading designer, manufacturer and distributor of women's sweaters, principally for the missy market.

Shown here are two of the wide selection of cardigan and pull-over sweaters from the *It's Pure Gould* collection.

Sidney Gould recently introduced a new sweater line for the large-size contemporary woman under the *P. G. Plus* label.

Production and distribution to more than 2,500 leading specialty and department stores are from its modern centralized center in Garden City Park, New York. In addition to showrooms and sales offices in eleven major markets in the country, Sidney Gould has design facilities, showrooms and marketing offices in New York City.

The products of Sidney Gould complement the growing women's leisure apparel business of INTERCO through the Apparel Manufacturing Group.

College-Town joins INTERCO

college·town®

This major designer, manufacturer and distributor of women's sportswear joined INTERCO's Apparel Manufacturing Group on August 23, 1974.

College-Town, Inc., a long-established distributor of fashion, serves two distinct markets. The junior sportswear division, under the *College-Town* label, is directed to the eighteen–twenty-five year age group, and the *Pant-her* division provides a more sophisticated look for the new younger missy market.

College-Town's mainstay is sportswear; and, depending upon the fashion cycle, this can include suits, dresses and coats, as well as the more usual pants, skirts, jackets, sweaters, blouses, shirts and jumpers. Its prod-

pant-her

ucts are distributed to more than 4,000 leading department stores and specialty shops across the country.

Shown on these pages are but a few of the coordinated selections by *College-Town* and *Pant-her.*

College-Town's executive offices, and manufacturing and distribution facilities are located in Braintree, Massachusetts, and it maintains showrooms and marketing and designing facilities in New York City. Also, ten regional showrooms are located in all parts of the United States.

College-Town provides INTERCO with an excellent additional growth opportunity in new markets in the years ahead.

Apparel Manufacturing Group

MAJOR APPAREL BRANDS AND TRADEMARKS:

For men and young men: *Big Yank* • *Biltwell* • *Campus* • *Cowden* • *Esprit by Campus* • *Impact 70's* • *Joe College by Campus* • *John Alexander* • *Kenbridge Sportswear* • *Leonard Macy* • *Mr. Golf* • *Mr. Tennis* • *Tailor's Bench.* For women and young women: *College-Town* • *Devon* • *It's Pure Gould* • *Lady Devon* • *Pant-her* • *P. G. Plus.* For the family: *Big Yank.*

The apparel manufacturing business of INTERCO, which offers a full range of popular-priced branded and private-label sportswear and casual apparel for men and women, had record high sales and earnings in fiscal 1975.

Apparel manufacturing sales of $354.1 million represented 29.1% of company sales, and earnings were $39.7 million or 34.1% of the earnings of the company before income taxes, corporate expenses and interest cost, a return of 11.2% on sales.

INTERCO completed its first full year in the women's apparel manufacturing business and this segment made a significant contribution to the overall improvement in sales and earnings. The women's apparel business was strengthened

and new markets entered during fiscal 1975 with the addition of *College-Town* and *Pant-her* nationally advertised brands. College-Town, Inc., is featured on pages ten and eleven of this report.

INTERCO has been in the men's apparel manufacturing business for over 10 years, and today produces a complete line of sportswear and casual apparel. This industry continues to be fashion-oriented and we have the people to provide creative merchandising and styling.

An ever-widening circle of exciting leisure activities characterizes today's life styles, calling for more diversity than ever in apparel fashions. Leisure wear for work and pleasure has been and will continue to be the principal market served by the apparel companies of INTERCO.

Shown on these pages are some of the offerings of the apparel manufacturing group. Our principal products for men and young men are: sport, knit, and dress shirts, woven and knit slacks, sweaters, sport coats, leisure suits, jeans, outerwear, rainwear, swimwear, walk shorts, coordinates, and western wear. Apparel for women and young women includes: suits, dresses and coats, pants, skirts, jackets, sweaters, blouses, shirts, jumpers, vests, and jeans.

During fiscal 1975, six larger apparel plants were opened, replacing six smaller, less efficient locations, thus continuing our program of modernization of production capacity.

The demand for sportswear and casual apparel is expected to increase during the remainder of this decade, and beyond. To this end, new product development and the penetration of new markets by our existing businesses are continuing goals. Our apparel management has the ability to adapt rapidly its designing, merchandising, and production techniques to the ever-changing fashion field and we are confident we will capture our share of the market in our fiscal 1976 year.

The Look of Leisure

devon®

lady devon®

Jeans for the Family

General Retail Merchandising Group

The general retail merchandising group again performed well in fiscal 1975, contributing new record sales and earnings to INTERCO.

This group contributed $385.4 million or 31.6% of the total sales, and earnings before income taxes, corporate expenses and interest cost were $25.3 million, or 21.7% of the earnings of the company, a return of 6.6% on sales.

The general retail merchandising group offers cost-conscious and quality-conscious consumers a wide range of popular-priced merchandise and services in most regions of the country through 647 retail locations. The group consists of the following types of retail stores:

Junior Department Stores	382
Discount Stores	166
Men's Specialty Apparel Shops	68
Hardware, Lumber and Building Materials Supermarkets	25
Specialty Department Stores	6
Stores in Operation	647

Forty-one new stores were added during the year, and the company continued to relocate or close operations in declining markets. Plans provide for about thirty new locations during fiscal 1976.

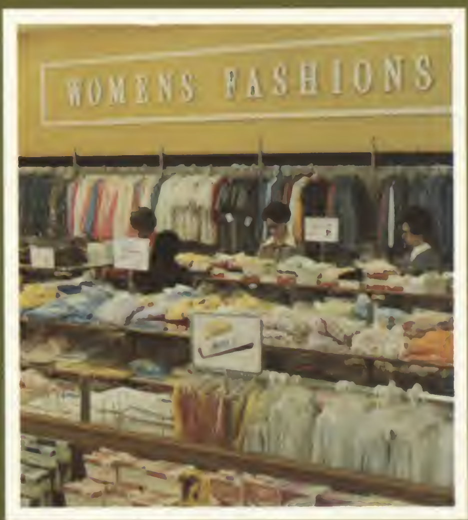
The operations of all junior department stores, most of which are self-service, were placed under the general management of *P. N. Hirsch & Company* effective February 1, 1975. This consolidation will benefit the overall operations

MAJOR RETAIL TRADING NAMES

Central Hardware • Carithers • Eagle Family Discount Stores • Fine's Men's Shops • Golde's • Hirsch Value Centers • Jeans Galore • Keith O'Brien • Kent's • Lin-Brook Hardware • Miller's • P. N. Hirsch • Shainberg's • Standard Sportswear • The I. D. Store • Thornton's • United • Wigwam.


HEALTH AND BEAUTY


Golde's



of these stores and will result in merchandising continuity, lower operating costs, and provide our customers with competitive prices in today's cost-conscious environment.

Our discount stores, operating under the name of *Eagle,* continued their expansion program during the year. This chain was somewhat affected by the slowdown of the Florida retail business during the latter part of fiscal 1975.

During the past several years and looking into the future, there has been and will continue to be a great interest shown in home-improvement, do-it-yourself projects. *Central Hardware,* which serves this market with 25 supermarket hardware, lumber and building material stores primarily in St. Louis, Indianapolis, Memphis, and Southern California, had another record year in fiscal 1975. *Central Hardware,* capitalizing on its market position, directs comprehensive advertising and customer training seminar programs to assist with helpful ideas for all phases of home-improvement.

The men's specialty apparel shops, *Fine's, Standard* and *United,* carrying an extensive line of medium-priced apparel and other male furnishings, extended their penetration during the year in the metropolitan areas which they serve, and plan several new stores in fiscal 1976.

Golde's, operator of 6 specialty department stores, continued its strong competitive position during fiscal 1975 in the communities which it serves. Plans are being formulated to expand this part of our business during fiscal 1976.

The general retail merchandising group continued its aggressive sales programs during the year just ended, and coupled with solid inventory reductions and cost-control programs, the group is well-positioned to provide another outstanding year for INTERCO in fiscal 1976.

Footwear Manufacturing and Retailing Group

The footwear group contributed $478.4 million or 39.3% of the consolidated sales and $51.3 million or 44.2% of the earnings of the company. This represented a 10.7% profit on sales before income taxes, corporate expenses and interest cost. This record performance was achieved despite decreasing customer demand in the fourth quarter.

Footwear Manufacturing . . . Superior quality, distinctive styling and realistic pricing allowed INTERCO to maintain its position as one of the dominant shoe manufacturers in the country.

The changing American life-style to more casual dress, prompted Florsheim to launch this year a totally new category of quality shoes, *Idlers by Florsheim,* for men and women, to provide consumers an extensive product line in the better-grade leisure footwear market.

Evaluating its shoe manufacturing plants on a continuing basis, in order to operate at maxi-

MAJOR FOOTWEAR BRANDS AND TRADEMARKS:

For men: *Ambassador • City Club • Florsheim — Florsheim Imperial and Royal Imperial • Hy-Test • Idlers by Florsheim • Julius Marlow • McHale • Rand • Roberts • Winthrop • Worthmore.* For women: *Denny Stewart • diVina • Florsheim • Idlers by Florsheim • Imperial and Ramblers by Florsheim • Miss Wonderful • Personality • Thayer McNeil • Thomas Wallace • Vitality.* For children: *Red Goose • Poll Parrot • Savage.*

MAJOR RETAIL TRADING NAMES:

Florsheim Men's Shops • Duane's • Gude's • Paul's Shoes • Phillips Shoes • Thayer McNeil Shoe Shops • Thompson, Boland & Lee.


Florsheim

mum possible capacity and eliminate the least efficient plants, it was necessary to close seven plants in recent months. New facilities will be added as demand increases.

International Shoe Company was affected by the economic downturn in the last part of the year, but with vigorous cost controls, was able to improve its margin of profitability.

In Canada, our Interco Savage Limited operations improved their shoe manufacturing position and operated at an acceptable profit level.

Footwear Retailing . . . Footwear retailing operations had an outstanding year. Eighty-four locations were opened during the year, continuing a planned expansion program. These openings included a number of *Florsheim Men's Shoe Shops,* leased shoe departments, and *Thayer McNeil Men's and Women's Stores* in selected shopping centers, clothing and department stores and major metropolitan areas.

Internationally, the fourth successful men's *Florsheim Shoe Shop* was opened in Mexico City during the year; the first *Florsheim Men's Shop* was opened in Sydney, Australia; and we were operating seven *Florsheim Shoe Shops* in Canada at year-end.

Senack Shoes, a leased shoe department operation, continued to open new units in fiscal 1975, mostly in department stores.

General . . .While the short-term outlook in the shoe industry appears to be depressed, INTERCO is confident of maintaining its position of leadership within the industry.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(Dollars in thousands)

ASSETS

February 28,	1975	1974
Current assets:		
Cash	**$ 8,221**	$ 13,219
Marketable securities, at cost which approximates market	**31,176**	13,600
Receivables, less allowance for doubtful accounts and cash discounts of $5,188 ($4,804 in 1974)	**155,437**	156,191
Inventories:		
Finished products and other merchandise	**190,718**	182,114
Raw materials and work in process	**55,393**	67,957
	246,111	250,071
Prepaid expenses	**2,903**	3,277
Future income tax benefits	**3,167**	2,894
Total current assets	**447,015**	439,252
Excess of investment over equity in subsidiaries at acquisition, net of amortization	**9,222**	9,323
Sundry investments and other assets	**6,720**	6,496
Future income tax benefits	**2,502**	2,573
Property, plant and equipment, at cost:		
Land	**5,167**	5,078
Buildings and improvements	**96,760**	91,687
Machinery and equipment	**106,018**	103,239
	207,945	200,004
Less accumulated depreciation	**99,656**	95,171
Net property, plant and equipment	**108,289**	104,833
	$573,748	$562,477

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

February 28,	1975	1974
Current liabilities:		
Current maturities of long-term debt	**$ 4,153**	$ 3,685
Accounts payable and accrued expenses	**79,553**	99,275
Income taxes	**13,051**	14,225
Total current liabilities	**96,757**	117,185
Long-term debt, less current maturities	**57,899**	63,368
Deferred compensation and other deferred liabilities	**10,293**	10,156
Minority interests in subsidiaries	**3,243**	2,936
Stockholders' equity:		
Preferred stock, at stated and liquidating value:		
First preferred	**148**	453
Second preferred	**15,836**	15,836
	15,984	16,289
Common stock, at stated value	**85,862**	85,367
Capital surplus	**41,778**	41,499
Retained earnings	**261,932**	225,677
Total stockholders' equity	**405,556**	368,832
	$573,748	$562,477

Consolidated Statement of Earnings

(Dollars in thousands except per share data)

Years Ended February 28,	1975	1974
Income:		
Net sales	**$1,217,895**	$1,165,858
Other income, net	**10,784**	10,220
	1,228,679	1,176,078
Costs and expenses:		
Cost of sales	**852,625**	822,141
Selling, general and administrative expenses	**264,972**	253,180
Interest expense	**5,349**	5,546
Minority interests	**416**	381
	1,123,362	1,081,248
Earnings before income taxes	**105,317**	94,830
Income taxes	**51,714**	45,570
Net earnings	**$ 53,603**	$ 49,260
Per share of common stock:		
Fully diluted earnings	**$4.47**	$4.14
Primary earnings	**$4.60**	$4.25

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

(Dollars in thousands)

Years Ended February 28,	1975	1974
Working capital provided by:		
Net earnings	**$53,603**	$49,260
Items not affecting working capital:		
Depreciation	**13,405**	11,766
Future income tax benefits	**71**	(163)
Other, net	**754**	721
Operations	**67,833**	61,584
Disposal of property, plant and equipment	**1,727**	1,611
Issuance of common stock for conversion of preferred stock—contra below	**305**	476
Exercise of stock options	**154**	94
Issuance of long-term debt	**510**	4,697
Decrease in funds in escrow for construction	**1,106**	—
	71,635	68,462
Working capital used for:		
Additions to property, plant and equipment	**19,694**	24,789
Increase in funds in escrow for construction	**—**	1,106
Cash dividends	**17,033**	14,765
Reduction of long-term debt	**5,979**	3,875
Conversion of preferred stock—contra above	**305**	476
Purchase of company's stock	**—**	526
Other, net	**433**	575
	43,444	46,112
Increase in working capital	**$28,191**	$22,350
Working capital increased (decreased) by:		
Cash and marketable securities	**$12,578**	$ 6,018
Receivables	**(754)**	7,483
Inventories	**(3,960)**	12,629
Other current assets	**(101)**	1,043
Current maturities of long-term debt	**(468)**	(32)
Accounts payable and accrued expenses	**19,722**	(5,958)
Income taxes	**1,174**	1,167
	$28,191	$22,350

See accompanying notes to consolidated financial statements.

Consolidated Statement of Stockholders' Equity

Years Ended February 28, 1975 and 1974

(Dollars in thousands except per share data)	Preferred Stock	Common Stock Issued	Common Stock In Treasury	Capital Surplus	Retained Earnings	Total
Balance February 28, 1973:						
As originally reported	$16,765	$75,230	$(635)	$42,423	$176,545	$310,328
Adjustments for pooled companies		9,650		(1,489)	16,281	24,442
As restated	16,765	84,880	(635)	40,934	192,826	334,770
Net earnings					49,260	49,260
Cash dividends:						
Preferred stock					(868)	(868)
Common stock—$1.32 per share					(13,248)	(13,248)
By pooled companies prior to acquisition					(649)	(649)
Stock dividend:						
By pooled company prior to acquisition		316		331	(647)	
Conversion of preferred stock:						
Series A—2,807 shares	(281)	91		189		(1)
Series B—4,857 shares	(195)	73		122		
Issuance of 30,317 contingent common shares			997		(997)	
Exercise of stock options:						
Common—5,958 shares		7	164	(77)		94
Purchase of 13,204 common shares			(526)			(526)
Balance February 28, 1974, as restated	16,289	85,367	—	41,499	225,677	368,832
Net earnings					53,603	53,603
Cash dividends:						
Preferred stock					(850)	(850)
Common stock—$1.43½ per share					(16,037)	(16,037)
By pooled company prior to acquisition					(146)	(146)
Conversion of preferred stock:						
Series B—7,637 shares	(305)	114		191		
Issuance of 41,985 contingent common shares		315			(315)	
Exercise of stock options:						
Common—8,848 shares		66		88		154
Balance February 28, 1975	$15,984	$85,862	$ —	$41,778	$261,932	$405,556

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

February 28, 1975 and 1974

1. **Significant Accounting Policies**—The company and its subsidiaries employ generally accepted accounting principles on a consistent basis to present fairly their consolidated financial position, results of operations, and changes in financial position. The major accounting policies of the company are set forth below.

   Principles of Consolidation—The consolidated financial statements include the accounts of the company and all domestic and foreign subsidiaries. Foreign subsidiaries (principally Canadian) are not material in relation to consolidated financial position or results of operations. All material intercompany transactions have been eliminated in consolidation.

   Inventories—The majority of the inventories are priced at the lower of cost (first-in, first-out) or market. Certain of the inventories are priced on the "last-in, first-out" method. Had the "first-in, first-out" method been applied to all inventories, they would have been stated at approximately $266,792,000 and $273,341,000 at February 28, 1975 and 1974, respectively.

   Depreciation—For financial reporting purposes, the company employs both accelerated and straight-line methods in computing depreciation. Approximately 78% and 74% of depreciation expense was computed on the straight-line method in 1975 and 1974, respectively.

   Excess of Investment Over Equity in Subsidiaries — Cost in excess of net assets of companies acquired is being amortized on a straight-line basis, generally over 40 years.

   Start-Up Expenses—Start-up expenses of new facilities are charged to operations in the year incurred.

   Pension Plans—The company's policy with respect to principal pension plans is to fund pension costs accrued, and to amortize prior service costs, generally over 30 years.

   Income Taxes—Investment tax credits are reflected as a reduction of Federal income taxes in the period in which qualified property is placed in service.

   It is the company's intent that the undistributed earnings of subsidiaries will either be reinvested in the subsidiaries or distributed tax-free to the parent company. Accordingly, no provision has been made for income taxes on such undistributed earnings.

2. **Business Combinations**—During 1975, the company acquired all the outstanding stock of College-Town, Inc. in exchange for 462,428 shares of common stock. This transaction was accounted for as a pooling of interests, and accordingly the accounts of College-Town, Inc. have been included in the accompanying financial statements for both 1975 and 1974. Consolidated net sales and net earnings for 1974, prior to restatement for the business combination, were $1,121,927,000 and $47,042,000, respectively. The net sales and net earnings of College-Town, Inc. for 1975, prior to combination, were $28,469,000 and $1,809,000, respectively.

   During 1974, the company acquired all the outstanding stock of Devon Apparel, Inc. and United Shirt Distributors, Inc. in exchange for 866,422 shares of common stock. These transactions were accounted for as poolings of interests.

3. **Long-Term Debt**—Long-term debt consists of the following:

	1975	1974
	(in thousands)	
4⅝% promissory installment notes, payable $1,875,000 annually, 1975-1989, and balance in 1990	$40,625	$42,500
6% promissory installment notes, payable $750,000 on July 1, 1975, $1,250,000 annually, 1976-1979, and balance in 1980	7,875	8,625
4¾% obligation under long-term lease, payable in annual installments increasing from $275,000 in 1975 to $565,000 in 1991	6,905	7,165
Other debt at 2½% to 9¼% interest rates, payable in varying amounts through 1993	6,647	8,763
	62,052	67,053
Less current maturities	4,153	3,685
	$57,899	$63,368

   Current maturities of long-term debt in the five years following February 28, 1975, are as follows (in thousands):

1976	$4,153
1977	3,808
1978	3,821
1979	3,897
1980	3,854

   The 4⅝% note agreement restricts retained earnings of $43,810,000 as to payment of cash dividends on capital stock and the purchase, redemption or retirement of capital stock. The agreement also provides that no such payments be made unless consolidated working capital shall be at least $80,000,000.

4. **Preferred Stock**—The company's preferred stock is issuable in series. Authorized preferred stock consists of 577,060 shares of first preferred and 1,000,000 shares of second preferred without par value. Such stock is summarized as follows:

   First Preferred Series B—$2.10 cumulative, with stated and involuntary liquidating value of $40 per share; issued 3,697 shares at February 28, 1975, and 11,334 shares at February 28, 1974. Subsequent to February 28, 1975, 1,082 shares were converted into 2,164 shares of common stock and 2,615 shares were redeemed for $42.10 per share plus accrued dividends.

Notes to Consolidated Financial Statements (continued)

Second Preferred Series C—$5.25 cumulative, with stated and involuntary liquidating value of $100 per share; issued 158,359 shares at February 28, 1975 and 1974; callable beginning in 1975 at $105.25, decreasing to $100.00 in 1985; convertible into 3.0534 shares of common stock.

5. **Common Stock**—The company's common stock consists of 30,000,000 shares authorized with stated value of $7.50 per share, of which 11,448,315 shares were issued at February 28, 1975, and 11,382,208 shares at February 28, 1974.

Shares of common stock were reserved for the following purposes at February 28, 1975:

	Number of Shares
Conversion of preferred stock	490,927
Common stock options:	
Granted	229,109
Available for grant	122,479
Contingent shares based on profit performance of acquired company	18,141
	860,656

Under the company's stock option plans, certain key employees may be granted qualified or non-qualified options to purchase shares of common stock. Qualified options granted under the plans may not be less than 100% of the fair market value of the common stock on the date an option is granted, and non-qualified options at not less than 85%. Qualified options are exercisable at varying dates one year after granting and expire five years after granting. Non-qualified options become exercisable one year after granting and expire ten years after granting. All options which have been granted, qualified and non-qualified, were at 100% of fair market value on the date of grant. In September, 1974, certain options were surrendered for cancellation and new qualified and non-qualified options to purchase a like number of shares were thereupon issued.

Changes in options granted are summarized as follows:

	1975		1974	
	Shares	Average Price	Shares	Average Price
Beginning of year	246,912	$38.60	172,831	$39.94
Assumed options of pooled company	—	—	10,750	21.75
Options granted	205,521	20.50	88,189	37.78
Options exercised	(8,848)	17.46	(5,958)	16.01
Options cancelled	(214,476)	41.35	(18,900)	44.61
End of year	229,109	20.60	246,912	38.60
Exercisable at end of year	8,634		45,747	

6. **Income Taxes**—Income tax expense is composed of the following (in thousands):

	1975	1974
Current:		
Federal	$45,886	$40,422
State and city	4,415	4,188
Foreign (principally Canadian)	1,615	1,851
	51,916	46,461
Deferred	(202)	(891)
	$51,714	$45,570
Investment tax credits	$ 643	$ 930

Certain items are recognized for income tax purposes in years other than those in which they are reported in the financial statements. The tax effect of such differences resulted in net deferred income taxes summarized as follows (in thousands):

	1975	1974
Depreciation	$133	$448
Installment sales	76	(4)
Valuation reserves and accruals	(566)	(568)
Deferred compensation	(46)	22
Adjustments resulting from reorganization of certain subsidiaries	10	(186)
Adjustments resulting from audit of prior years' tax returns	200	(622)
Other	(9)	19
	($202)	($891)

7. **Pension Plans**—The company and its subsidiaries have pension plans covering substantially all employees. Total pension expense was $8,900,000 in 1975 and $8,400,000 in 1974, and the company anticipates that pension expense will not increase significantly as a result of the Employee Retirement Income Security Act of 1974. As of the most recent valuation dates, the actuarially computed value of vested benefits under defined benefit pension plans exceeded assets of the plans by approximately $30,000,000, considering as defined benefit plans certain plans that were previously considered defined contribution plans.

8. **Lease Commitments**—Substantially all of the company's retail outlets and certain other real properties and equipment are operated under lease agreements expiring at various times through the year 2001. Leases covering retail outlets and equipment generally require, in addition to stated minimums, contingent rentals based on retail sales and equipment usage. Generally, the leases provide for renewal for various periods at stipulated rates.

Total rental expense was as follows (in thousands):

	1975	1974
Basic rentals	$25,520	$25,687
Contingent rentals	9,887	9,912
	$35,407	$35,599
Less sublease rentals	1,855	1,824
	$33,552	$33,775

Included in rental expense above is the cost of services provided by lessors of leased retail departments, estimated to aggregate $6,200,000 in 1975 and $6,400,000 in 1974.

At February 28, 1975, minimum rental commitments under all noncancellable leases, excluding capitalized leases, are as follows (in thousands):

	Type of Property		
Year	Real Property	Equipment	Total
1976	$ 21,443	$1,659	$ 23,102
1977	20,121	1,254	21,375
1978	18,761	736	19,497
1979	17,002	342	17,344
1980	15,379	76	15,455
1981-1985	55,942	9	55,951
1986-1990	30,745	—	30,745
1991-1995	10,945	—	10,945
1996-2001	3,364	—	3,364
	$193,702	$4,076	$197,778

The above minimum rental commitments for real property have been reduced by rentals from subleases. These subleases, expiring at various dates to 1993, provide for aggregate minimum rentals of approximately $6,500,000.

The present value of noncapitalized financing leases, as defined by the Securities and Exchange Commission, and the impact on net earnings if such leases had been capitalized are not material to the accompanying financial statements.

The company has also guaranteed leases of certain retail outlets of customers which at February 28, 1975 aggregated approximately $4,200,000 based on minimum rentals.

9. Earnings Per Share of Common Stock—Fully diluted earnings per share are based on the weighted average number of shares of common stock and common stock equivalents outstanding during the years, plus those common shares which would have been issued if conversion of all preferred stock had taken place at the beginning of each year. Common stock options, the exercise of which would result in dilution of earnings per share, and common stock issuances based on profit performance have been considered as the equivalent of common stock.

Primary earnings per share are based on those shares included in the fully diluted earnings per share calculations, except that conversion of preferred stock has not been assumed. Net earnings for this computation were reduced by preferred stock dividend requirements.

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
720 Olive Street
St. Louis, Missouri

THE BOARD OF DIRECTORS AND STOCKHOLDERS
INTERCO INCORPORATED:

We have examined the consolidated balance sheets of INTERCO INCORPORATED and subsidiaries as of February 28, 1975 and 1974 and the related consolidated statements of earnings, stockholders' equity, and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of INTERCO INCORPORATED and subsidiaries at February 28, 1975 and 1974 and the results of their operations, and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

April 11, 1975

Peat, Marwick, Mitchell + Co.

Five Year Consolidated Financial Review

(Dollars in thousands except per share data)

	FISCAL YEARS ENDED				
	February 28				November 30
FOR THE YEAR	**1975**	1974	1973	1972	1970
Summary of operations:					
Net sales	**$ 1,217,895**	$ 1,165,858	$ 1,082,986	$ 965,881	$ 863,158
Cost of sales	**852,625**	822,141	763,924	678,741	605,264
Interest expense	**5,349**	5,546	4,734	5,247	6,863
Earnings before income taxes	**105,317**	94,830	85,965	71,098	62,669
As a percent of sales	**8.6%**	8.1%	7.9%	7.4%	7.3%
Income taxes	**51,714**	45,570	41,927	34,191	31,255
Net earnings	**53,603**	49,260	44,038	36,907	31,414
As a percent of sales	**4.4%**	4.2%	4.1%	3.8%	3.6%
Earnings applicable to common stock	**52,755**	48,394	43,054	35,601	28,834
Per share of common stock:					
Fully diluted earnings (1)	**$ 4.47**	$ 4.14	$ 3.69	$ 3.15	$ 2.82
Dividends	**$ 1.43½**	$ 1.32	$ 1.25	$ 1.21	$ 1.10
Average common and common equivalent shares outstanding (in thousands) (1)	**11,989**	11,911	11,933	11,716	11,166
Cash dividends paid:					
On common stock	**$ 16,183**	$ 13,897	$ 12,229	$ 10,837	$ 8,239
On preferred stock	**$ 850**	$ 868	$ 988	$ 1,452	$ 2,498

AT YEAR END					
Working capital	**$ 350,258**	$ 322,067	$ 299,717	$ 275,615	$ 227,027
Property, plant and equipment, net	**108,289**	104,833	92,315	86,319	85,769
Capital expenditures	**19,694**	24,789	17,006	15,320	17,905
Total assets	**573,748**	562,477	522,720	488,036	449,467
Long-term debt	**57,899**	63,368	62,546	68,773	71,631
Stockholders' equity	**405,556**	368,832	334,770	298,612	247,266
Book value per common share	**$ 34.03**	$ 30.97	$ 28.05	$ 26.21	$ 22.09

(1) Refer to Earnings Per Share of Common Stock in Notes to Consolidated Financial Statements.
(2) The above figures have been restated to include pooled companies for years prior to their acquisition.
(3) Fiscal 1975, 1974, 1973, and 1972 reflect the change in fiscal year from November 30 to the last day in February.

Management's Discussion and Analysis of Operations

Sales for fiscal 1975 again established new records, although the percentage increase was less than the 7.7% achieved in fiscal 1974. The Apparel and General Retail Groups maintained their steady growth patterns, whereas the Footwear Group experienced only slight improvement for fiscal 1975. The fourth quarter, in particular, reflected a reduction in footwear shipments as the direct result of excessive inventory conditions experienced by major retailers.

Cost of sales for fiscal 1975 was slightly lower as a percent of sales as compared with fiscal 1974. The main factor contributing to this improvement was the strong showing of General Retail, which traditionally attains a higher gross profit than either the Apparel or Footwear manufacturing operations.

Although interest rates were considerably higher in fiscal 1975, interest expense declined after an increase in fiscal 1974. Early in the year, tight budgetary controls were intensified, including cash management, collection of accounts receivable and maximized inventory turnover. Capital expenditures decreased after reaching record levels in fiscal 1974, and this, combined with a decrease in inventory and accounts receivable, greatly improved the cash flow for the year.

Earnings before income taxes increased by 11.1% in fiscal 1975 as compared to a 10.3% increase in fiscal 1974. In fiscal 1975, the strict budgetary control program, especially in the Footwear Group, coupled with reduced interest expense and increased income received from investment of funds, added significantly to the increased profit. The most significant increase in fiscal 1974 was made by the General Retail Group, and that performance was the result of profit improvement by practically all divisions within this group, and the benefits received from action taken in fiscal 1973 to liquidate a division of Central Hardware Company.

Income taxes for fiscal 1975 increased by 13.5% over the corresponding period of the year earlier. The increase relates principally to improvement in pre-tax profits, a decline in the investment tax credit and the final step in the phase-out of the surtax exemption. In fiscal 1974, net earnings were favorably influenced by a slightly lower effective tax rate, due primarily to the tax benefits received from the "flow through" method of accounting for the investment tax credit.

Principal Companies of Interco

Apparel Manufacturing Group

Big Yank Corporation
New York, New York

The Biltwell Company, Inc.
St. Louis, Missouri

Campus Sweater & Sportswear Company
New York, New York

College-Town, Inc.
Braintree, Massachusetts

Cowden Manufacturing Company
Lexington, Kentucky

Devon Apparel, Inc.
Philadelphia, Pennsylvania

Sidney Gould Co. Ltd.
Garden City Park, New York

General Retail Merchandising Group

Central Hardware Company
St. Louis, Missouri

Eagle Family Discount Stores, Inc.
Miami, Florida

Fine's Men's Shops, Inc.
Norfolk, Virginia

Golde's Department Stores, Inc.
St. Louis, Missouri

P. N. Hirsch & Company
St. Louis, Missouri

Standard Sportswear, Inc.
Pittsburgh, Pennsylvania

United Shirt Distributors, Inc.
Detroit, Michigan

Footwear Manufacturing and Retailing Group

The Florsheim Shoe Company
Chicago, Illinois

International Shoe Company
St. Louis, Missouri

Interco Savage Limited
Preston-Cambridge, Ontario, Canada

Senack Shoes, Inc.
St. Louis, Missouri

Directors

*MAURICE R. CHAMBERS
Chairman of the Board and
Chief Executive Officer of the Company

*STANLEY M. COHEN
President, Central Hardware Company

*WILLIAM L. EDWARDS, JR.
Senior Executive Vice President,
Chief Administrative Officer and
Treasurer of the Company

RICHARD P. HAMILTON
President, The Florsheim Shoe Company

*PHILIP N. HIRSCH
Chairman of the Board,
P. N. Hirsch & Company

*J. LEE JOHNSON
Retired

EDWIN S. JONES
Chairman of the Board,
First Union, Incorporated and
First National Bank in St. Louis

DONALD E. LASATER
Chairman of the Board,
Mercantile Bancorporation Inc. and
Mercantile Trust Company National
Association (on leave of absence)

*NORFLEET H. RAND
Retired

*JOHN K. RIEDY
President and
Chief Operating Officer of the Company

*EDWARD J. RILEY
President, International Shoe Company

HERBERT SHAINBERG
Retired

*Members of the Executive Committee of the Board of Directors

Audit and Executive Compensation and Stock Option Committees

J. LEE JOHNSON, Chairman
EDWIN S. JONES
DONALD E. LASATER
NORFLEET H. RAND

Exchange Listings

Symbol	Listed
ISS	New York Stock Exchange
ISS	Midwest Stock Exchange

Office of the Chief Executive

MAURICE R. CHAMBERS
Chairman of the Board and
Chief Executive Officer

JOHN K. RIEDY
President and Chief Operating Officer

WILLIAM L. EDWARDS, JR.
Senior Executive Vice President,
Chief Administrative Officer, and Treasurer

Administrative Officers

EDWARD J. RILEY
Vice President

PHILIP N. HIRSCH
Vice President

STANLEY M. COHEN
Vice President

RICHARD P. HAMILTON
Vice President

RONALD L. AYLWARD
Vice President and General Counsel

DUANE A. PATTERSON
Secretary

EDWARD P. GRACE
Assistant Treasurer

STANLEY F. HUCK
Assistant Controller

KEITH E. MATTERN
Assistant Secretary

JAMES K. PENDLETON
Assistant Secretary

WILLIAM R. WITHROW
Assistant Treasurer

Transfer Agents

Manufacturers Hanover Trust Company
New York, New York

Mercantile Trust Company National Association
St. Louis, Missouri

Registrars

Morgan Guaranty Trust Company
New York, New York

St. Louis Union Trust Company
St. Louis, Missouri

Dividend Disbursing Agent

Mercantile Trust Company National Association
St. Louis, Missouri

Operating Board

MAURICE R. CHAMBERS
Chairman of the Board and
Chief Executive Officer of the Company

JOHN K. RIEDY
President and
Chief Operating Officer of the Company

WILLIAM L. EDWARDS, JR.
Senior Executive Vice President,
Chief Administrative Officer and
Treasurer of the Company

RONALD L. AYLWARD
Vice President and
General Counsel of the Company

LIONEL BAXTER
President, Big Yank Corporation

STANLEY M. COHEN
President, Central Hardware Company

WILLIAM B. COWDEN
President, Cowden Manufacturing Company

BARRY S. FINE
President, Fine's Men's Shops, Inc. and
Standard Sportswear, Inc.

WILLIAM FORMAN
President, Devon Apparel, Inc.

RICHARD P. HAMILTON
President, The Florsheim Shoe Company

PHILIP N. HIRSCH
Chairman of the Board,
P. N. Hirsch & Company

DONALD G. MacLEOD
President, Interco Savage Limited

EDWARD J. RILEY
President, International Shoe Company

CHARLES J. ROTHSCHILD, JR.
President,
Campus Sweater & Sportswear Company

GERALD SIBLEY
President, College-Town, Inc.

JOHN WEIL
President, Eagle Family Discount Stores, Inc.

Independent Accountants

Peat, Marwick, Mitchell & Co.
St. Louis, Missouri

Corporate Offices

Ten Broadway
St. Louis, Missouri 63102

INTERCO

INTERCO INCORPORATED · St. Louis, Missouri